

## Message Text

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ACTION IO-13

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FM AMEMBASSY VIENNA

TO SECSTATE WASHDC PRIORITY 1630

INFO USMISSION USUN NEW YORK

UNCLAS VIENNA 3637

E.O. 11652: N/A

TAGS: OCON, UNIDO, EAID

SUBJECT: ELEVENTH SESSION, UNIDO INDUSTRIAL DEVELOPMENT BOARD

(IDB-XI): AGENDA ITEM 8(B), INFORMATION BANK

1. DOCUMENT ID/B/183, ESTABLISHMENT OF AN INDUSTRIAL AND TECHNOLOGICAL INFORMATION BANK, PRESENTS TO IDB-XI, FOR ITS ENDORSEMENT, AN OUTLINE OF PROJECTED SCOPE OF WORK OF THE INFORMATION BANK, A PROPOSAL FOR A PILOT OPERATION AND A STATEMENT OF FINANCIAL CONSIDERATIONS.

2. AFTER BRIEF REVIEW OF LEGISLATIVE HISTORY OF INFORMATION BANK AND OF UNIDO'S ATTEMPTS TO DEFINE ITS FEASIBILITY, DOCUMENT LAUNCHES INTO DESCRIPTION OF PROPOSED SCOPE OF WORK OF THE BANK THAT MAKES CLEAR THAT SECRETARIAT'S CONCEPT GOES BEYOND CONVENTIONAL NOTION OF DATA BANK OPERATIONS. RATHER THAN LIMITING PROPOSED WORK TO LOCATION, STORAGE AND RETRIEVAL OF INFORMATION. SECRETARIAT SEEMS TO ENVISAGE BANK'S ROLE PRIMARILY AS PROVIDING ACTIVE ASSISTANCE TO LDC'S IN SELECTION OF TECHNOLOGY. PER PARAGRAPHS 17, 18 AND 19, FOR EXAMPLE, BANK WILL NOT ONLY COLLECT INFORMATION, BUT ALSO AS "AN ESSENTIAL FUNCTION", WILL PROVIDE ASSESSMENTS OF INFORMATION, WHICH MAY HAVE TO BE FOLLOWED

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UP BY FURTHER CONSULTATIONS AND ADVICE IN THE COUNTRY CONCERNED; BANK WOULD HAVE "CAPABILITY OF GIVING ON-SITE TECHNICAL ADVICE TO ASSIST THE RECIPIENT". THIS STRIKES MISSION AS APT DESCRIPTION OF ROLE PRESENTLY UNDERTAKEN BY INTER-REGIONAL ADVISORS. SCOPE OF WORK SEEMS TO INDICATE THAT BANK WOULD SOMEHOW ENGAGE IN A BROAD SPECTRUM OF ACTIVITIES NOW ENGAGED IN BY UNIDO THROUGH, INTER ALIA, PROVIDING "ANOTHER

OPPORTUNITY FOR UNIDO TO ACHIEVE A VERTICAL INTERGRATION OF ITS ACTIVITIES" (PARA 25).

3. THE SECRETARIAT'S PROPOSAL FOR A PILOT OPERATION FORESEES AN 18-MONTH PERIOD OF ACTIVITY LINKED CLOSELY TO UNIDO'S ONGOING CONSULTATION MEETINGS IN FOUR SECTORS (IRON AND STEEL, FERTILIZING, AGRO-INDUSTRY AND AGRICULTURAL MACHINERY). DURING THIS PERIOD, PROVISION OF SERVICES WOULD BE LIMITED TO SELECTED INSTITUTIONS IN DEVELOPING COUNTRIES. THE SPECIFIC ACTIVITIES RELATED TO EACH SECTOR ILLUSTRATE THE ALL-EMBRACING NATURE OF THE SECRETARIAT CONCEPT OF THE BANK'S ROLE; IN IRON AND STEEL, FOR INSTANCE (PARA 36), THE BANK WOULD ENGAGE IN TECHNO-ECONOMIC APPRAISAL OF RELEVANT DATA AT A NATIONAL AND REGIONAL LEVEL; IDENTIFICATION OF ALTERNATIVE TECHNOLOGIES AND SELECTION OF TECHNOLOGY TO SUIT SPECIFIC NEEDS; ALIGNMENT OF PRODUCT MIX TO SPECIFIC MARKET REQUIREMENTS.

4. THE ESTIMATED FINANCIAL REQUIREMENTS FOR THE PILOT OPERATION (NOT INCLUDING COSTS OF COMPUTER PROCESSING) ARE RELATIVELY MODEST; \$140,000 FOR THE PERIOD JULY 1-DEC. 31, 1977, HAVING BEEN ALREADY ALLOCATED (BUT RETAINED BY THE IDB UNDER GENERAL ASSEMBLY AUTHORITY THAT THE IDB FIRST APPROVE THE PILOT PROGRAM.), AND \$150,000 FOR THE FULL YEAR 1978, WHICH WOULD BE RETAINED IN THE SYG'S ESTIMATES FOR UNIDO UPON APPROVAL OF THE BOARD. IN ADDITION, THE SECRETARIAT PROPOSES A STAFF INCREASE OF TWO P-LEVEL AND TWO GS IN 1977, AND ON P-LEVEL AND TWO GS IN 1978. THESE POSITIONS, WE ARE INFORMED, WERE INCLUDED IN THE INITIAL UNIDO DRAFT BUDGET, BUT WERE STRICKEN BY THE UN BUDGET DIVISION. AN IDB DECISION

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TO SUPPORT THE PILOT PROGRAM AS PROPOSED WOULD, THEREFORE, REQUIRE UNIDO TO APPEAL TO THE ACABQ FOR REINSTATEMENT OF THESE POSITIONS.

5. DESPITE THE MODEST NATURE OF THE FINANCIAL REQUIREMENTS FOR THE BANK'S PILOT OPERATIONS, THE MISSION FINDS MUCH THAT IS DISTURBING OR UNDESIRABLE IN THE SECRETARIAT'S CONCEPT OF A DATA BANK. IT WOULD APPEAR, FROM THE LANGUAGE OF ID/B/183 THAT MANY OF THE ORGANIZATION'S ROUTINE ON-GOING ACTIVITIES WOULD BE SUBJECT TO DESCRIPTION AS OPERATIONS OF THE BANK, AND, PRESUMABLY, BE IN SOME MANNER SUBJECT TO THE AUTHORITY OF THE BANK'S MANAGERS. APART FROM THE BUREAUCRATIC DISSENSION THIS WOULD UNDOUBTEDLY ENGENDER IN THE SECRETARIAT STAFF, WE QUESTION THE PRACTICAL EFFECTIVENESS OF THIS APPROACH. IN ADDITION, THIS CONCEPT WOULD SEEM TO US INEVITABLY TO LEAD TO A BLURRING OF THE LINE OF DISTINCTION BETWEEN PROVISION OF DIRECT TECHNICAL ASSISTANCE AND HEADQUARTERS RESEARCH ACTIVITIES. MISSION BELIEVES THAT U.S. DEL SHOULD BE INSTRUCTED TO REFRAIN FROM ENDORSING

SECRETARIAT'S BROAD CONCEPT OF DATA BANK; WHILE PERMITTING SECRETARIAT TO PROCEED WITH PILOT PROJECT FOR 1977 AND 1978, U.S. DEL SHOULD MAKE CLEAR THAT IT WOULD NOT BE PREPARED CONSIDER FURTHER ALLOCATION OF FUNDS FOR 1979 UNTIL IDB OR PERMANENT COMMITTEE HAD RECEIVED REPORT ON PILOT PROJECT AND HAD APPROVED NEW PROPOSAL FOR FUTURE WORK BASED ON EXPERIENCE OF PILOT PROJECT. IN THIS CONNECTION, DEPT. MAY WISH CONSIDER INCLUSION OF U.S. EL OF DATA PROCESSING EXPERTS (NTIS SUPPLIED CONSULTANT TO UNIDO AT EARLY STAGE OF FEASIBILITY STUDIES) TO ENABLE U.S. DEL PROVIDE EXPERT ANALYSIS OF SECRETARIAT PROPOSAL AND EXPOSITION OF U.S. VIEWS. STRIBRAVY

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## Message Attributes

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